

Fanestil's

S & S QUALITY MEATS LLC

Box 629 • Emporia, Kansas 66801 • 620-342-6354

Mr. Bill Sessions
USDA – AMS
1400 Independence Ave, SW
Washington DC 20250

May 7, 2003

Dear Mr. Sessions,

Please allow me to introduce myself. My name is Scott Sanders, and I own and operate a meat processing facility in Emporia, Kansas. Although we do not slaughter at our plant, we produce a wide variety of further processed meat products such as bacon, hams, luncheon meats, hot dogs, fresh and cured sausage, corned beef, steaks and roasts, smoked turkey etc. In addition to our processed items, we are also a distributor for several other meat and cheese products manufactured by other companies. We buy all of our raw materials from IBP (now Tyson), Premium Standard Farms, and Seaboard farms. On our distribution side, we even deliver fresh side beef, which we purchase from the IBP/Tyson plant here in Emporia. All together, we have over 400 sku's. Our customers include retail grocery stores, convenience stores, restaurants, institutions, locker plants and sandwich shops. We employ 53 people, and the company has been in business for 63 years.

Yesterday, I had the privilege of being in the audience at the Airport Hilton in Kansas City, Missouri for the COOL Listening Session and heard you speak. I want to thank you and your colleagues for making the effort to travel around the country to hear the concerns of those in our industry.

While I understand that the Farm Bill has passed and the Agency is now asking for suggestions on how to implement it, I cannot help but join the many opponents to COOL and speak out against it. Passed or not, this is clearly and unequivocally flawed legislation.

Having heard the arguments both for and against, I find it difficult to add much more. All the reasons you heard in Kansas City pretty well covered the range of my thinking, and I agree with them all, in particular, the argument that the consumer has a "right to know".

If one buys the "right to know" argument, how can any proponent (including the USDA) look a consumer in the eye and honestly say that they DON'T have a right to know where every other item they put in their mouth comes from? Beef but not chicken; fruits but not bread, peanuts but not pecans; retail ground beef but not a "Big Mac". This argument, in and of itself, is enough to illustrate the major flaw of COOL. It's so easy to shoot holes in every angle the proponents provide, that it becomes ludicrous.

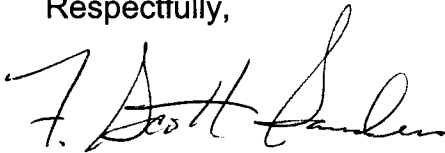
It also becomes apparent that the issue is not about "food safety" or "the consumer's right to know". It's essentially about "protectionism". Now I'm as patriotic and red white & blue as you are, and I hate to see a hard working livestock producer go out of business because he can't get enough for his product to stay afloat. But, COOL will not change that. If anything, it will make it worse. The added expense will eventually be passed down to the consumer and create an even bigger price disparity between red meat and poultry.

The fallout (and expense to me) has already begun. Please see the attached notice that I received today from one of our customers.

I realize that the intent of the listening session was to solicit ideas about how to implement COOL, not to debate its merits. I also know that not all of the products I manufacture will be subject to COOL, but I firmly believe that this provision of the Farm Bill is so terribly flawed and ineffective, that my failure to speak strongly against it would be almost immoral.

I'd like to be able to provide some suggestions to help you design and implement the program, but I honestly cannot come up with anything remotely reasonable. That's how far off base this concept is. If there is anyway possible that this provision (now that it is law) can be made voluntary, that is what needs to be done.

Respectfully,

A handwritten signature in black ink, appearing to read "F. Scott Sanders". The signature is fluid and cursive, with a large initial "F" and "S".

F. Scott Sanders
Owner, Fanestil Meats



Division of Wal-Mart Stores, Inc.
702 S.W. 8th Street
Bentonville, AR 72716-0580

The Farm Security and Rural Investment Act of 2002 was signed into law on May 13, 2002. The law requires the Department of Agriculture (USDA) to issue country of origin labeling guidelines. The USDA has recently issued their proposed guidelines which if they go into effect will require retailers to inform consumers of the country of origin of all "covered commodities"¹ – both domestic and imported – as of September 30, 2004. The interim federal program currently in effect is voluntary. Under the proposed guidelines, the required "country of origin" declaration extends back to the farm or ranch where the food originated and must reflect all countries where subsequent processing occurred. The law thus requires us to provide consumers with information that is known only to our suppliers. Retailers face penalties of up to \$10,000 if the information is missing or inaccurate.

In order for us to comply with the new guidelines and to fulfill our responsibility to our customers we in turn must request country of origin information from our suppliers. The purpose of this letter is to advise all "covered commodity" suppliers of the steps that we will expect them to take in preparation for the expected implementation of the guidelines. These steps will also help to fulfill your obligations under the law, which, among other things, requires any person engaged in the business of supplying a covered commodity to a retailer – including producers, growers, ranchers, handlers, packers, processors and importers – to provide the retailer with accurate country of origin information for the covered commodity. Suppliers who fail to fulfill the law's mandate may also be subject to penalties of up to \$10,000 under the law.

If the guidelines go into effect as proposed, we fully expect to modify our supplier agreement (as of the next fiscal year) to require you to take the following steps prior to the law taking effect in order for us to be in full compliance as of September 30, 2004. Unless these steps are taken we will not be able to offer your products to our customers after that date:

1. **Sticker all covered commodities** with country of origin information that fully complies with the federal standards set forth in the statute as interpreted by USDA. A sufficient number of signs to ensure one for each retail display or stickers to ensure one

¹ "Covered commodities" include beef, pork and lamb (whole muscle cuts and ground); fresh frozen fruits and vegetables; fresh and frozen seafood and shellfish (for which the method of production must also be specified); and peanuts. A covered commodity that is "an ingredient in a processed food product" is not subject to country of origin labeling; if there is any question about the status of your product, we will need a determination from USDA regarding whether or not COL applies.

- for each retail-sized package will be required to accompany every shipment of products that cannot bear labels.
2. **Maintain records and a verifiable audit trail** to establish the accuracy of the country of origin information that we receive for your covered commodity.
 3. **Indemnify** us for any fines or other costs that we incur as a result of the country of origin information that you provide or fail to provide.
 4. **Segregate** all covered commodities by country of origin throughout the production chain until they are delivered to us and maintain documentation verifying the efficacy of your segregation plan.
 5. **Audits.** Provide us with the results of an audit conducted by USDA or another mutually acceptable independent third party to establish that you have the systems in place to ensure the accuracy of the country of origin information that you provide us.

In the interim, so that we have some assurance that you will be able to comply with the law in a timely fashion, **we expect all covered commodity suppliers to provide us with a country of origin labeling action plan and Letter of Assurance by September 30, 2003** that states your intent: (1) to provide us with the results of a third party audit of your country of origin labeling programs and (2) to sign a contract with a commitment (a) to reimburse us for any fines or other costs that we may incur as a result of your country of origin declaration and (b) to maintain (and hold your suppliers responsible for maintaining) a verifiable audit trail.

The Letter of Assurance must also provide a sample or mock-up of the country of origin label, sign or other mechanism that you provide to us with your product, as well as a description of how that information will be provided, e.g., affixed to every product at a particular rate of adhesive effectiveness; number of signs or labels per box; printed directly on the packaging or product overwrap that you apply, etc. Finally, the Letter of Assurance should describe how you intend to ensure that all necessary information is available in sufficient time to allow us to offer your products to consumers on September 30, 2004 in full compliance with the law.

We appreciate your assistance in helping us to comply with the law and to fulfill our responsibilities to our customers. In the event the guidelines are amended, we may no longer need to require the foregoing information. We look forward to our continuing relationship.

Sincerely,

Bruce Peterson,
GMM, Vice President Perishables
Supercenter Food Division

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